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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.21.2010

Wall Street Journal: "TARP Lending Programs Curtailed ... The Treasury Department, under Congressional orders to shrink and end sooner the much-maligned Troubled Asset Relief Program, plans to curtail two programs originally intended to help consumer and small-business lending. Treasury officials say they plan to end a long-delayed, never-utilized \$30 billion program designed to boost small-business lending and cut the amount of money available for a Federal Reserve lending program. The Treasury will also stop creating any new programs to stabilize the financial sector. The moves are expected to have minimal impact since the programs were not being used to the extent originally envisioned.

Wall Street Journal: "Housing Market Stumbles ... The housing market, whose collapse pulled the economy into recession in late 2007, is stalling again. In major markets across the country, home sales are deteriorating, inventories of unsold homes are piling up and builders are scaling back construction plans. The expiration of a federal home-buyers tax credit at the end of April is weighing on the market."

Wall Street Journal: "Housing's Woes Reverberate ... The fresh downturn in housing is weighing on an economy already bruised by financial turmoil and battered confidence. From lumber yards to moving companies, the renewed weakness in the housing market is hurting."

Wall Street Journal: "Anti-Foreclosure Program Still Losing Homeowners ... The federal government's foreclosure-prevention effort continued to sputter, as the number of homeowners leaving the program exceeded those who received new loan modifications for the second straight month."

Wall Street Journal: "IMF Shifts Advice to Banks on Asset Bubbles ... The International Monetary Fund's executive board said central banks may want to use interest rates in a "limited" way the next time they encounter an asset bubble that needs to be pricked, weighing in as the Federal Reserve and other major central banks reevaluate their bubble-fighting strategies."

New York Times: "S.E.C. Pursuing More Cases Tied to Financial Crisis ... Days after the Securities and Exchange Commission secured a \$550 million settlement from Goldman Sachs, the agency's chairwoman said on Tuesday that the commission was pursuing several other investigations related to the 2008 financial crisis."

New York Times: "Fed in Hot Seat Again on Economic Stimulus ... With unemployment high and inflation low, a question is being asked more often and more loudly: Can and should the Federal Reserve do more to get the economy moving?"

New York Times: "Goldman Keeps Pay Ratio at 43% of Revenue ... Is Goldman Sachs rebasing compensation at a lower level? For a second quarter in a row, the investment bank's pay ratio was 43 percent of revenue; in the past, Goldman paid out around 50 percent to staff. For ordinary mortals, the numbers are still staggering: on an annualized basis, \$545,000 is being set aside for each of the firm's employees. But it does look like Goldman might finally be listening to its critics."

Washington Post: "U.S. financial reform bill also targets 'conflict minerals' from Congo ... The financial regulation bill that President Obama will sign into law on Wednesday is supposed to clean up Wall Street. But an obscure passage buried deep in the 2,300-page legislation aims to transform a very different place -- eastern Congo, labeled the "rape capital of the world." The passage, tucked into the bill's "Miscellaneous Provisions," will require thousands of U.S. companies to disclose what steps they are taking to ensure that their products, including laptops, cellphones and medical devices, don't contain "conflict minerals" from the Democratic Republic of the Congo. The sale of such minerals has fueled a nearly 15-year war that has been marked by a horrific epidemic of sexual violence."

Washington Post: "Obama's next focus of reform: Housing finance ... After President Obama signs into law an overhaul of financial regulation at a ceremony set for Wednesday, his administration will turn to reforming an area at the root of the financial crisis: the U.S. housing market. Responding to the collapse in home prices and the huge number of foreclosures, the Obama administration is pursuing an overhaul of government policy that could diverge from the

emphasis on homeownership embraced by former administrations."

Washington Post: "Excluded from invitation list for Obama's signing of Wall Street reform: Wall Street titans ... When President Obama steps Wednesday onto the stage at the Ronald Reagan International Trade building to sign Wall Street reform into law, many of the titans of Wall Street will be absent. Among those who did not receive an invitation to be among the 400 people at the 11:30 a.m. bill signing: Morgan Stanley's James Gorman, Goldman Sachs' Lloyd Blankfein, Wells Fargo's John G. Stumpf and -- somewhat surprisingly -- JPMorgan Chase's Jamie Dimon."

Los Angeles Times: "Countrywide made preferential loans to Fannie Mae and Freddie Mac employees, congressional panel finds ... A congressional investigation has found that Countrywide Financial Corp. made 173 preferential mortgage loans to employees of housing finance giants Fannie Mae and Freddie Mac, which purchased many of the company's loans. The mortgages were made as part of Countrywide's VIP program, known informally as "Friends of Angelo" for former Countrywide Chief Executive Angelo R. Mozilo. The program offered discounted rates and other perks."

Reuters: "US financial system support up \$700 bln in past year-watchdog ... Increased housing commitments swelled U.S. taxpayers' total support for the financial system by \$700 billion in the past year to around \$3.7 trillion, a government watchdog said on Wednesday."

Barron's: "Housing Still Built on Sand ... The National Association of Home Builders reported Monday that its measure of its members' confidence fell to 14 in June, the lowest level since April 2009 and well below forecasters' guesses. Why the latter was so was mystifying. The conventional, ex-post explanation was that homebuilders were bummed by the end of the federal government's tax subsidy for certain first-time and other home buyers at the end of April. As if nobody knew that would happen."

MarketWatch: "Will the financial overhaul work? ... The U.S. Senate passed the biggest overhaul of the banking industry

since the Great Depression and it has the potential to be a toothless tiger.